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March 28, 2003

Hon. Janet Hand Deixler, Secretary
NYS Public Service Commission
Three Empire State Plaza
Albany, NY 12223

RE: Case 03-E-0188 – Retail Renewable Portfolio Standard

Dear Secretary Deixler:

The New York Power Authority (“NYPA”) hereby submits its comments pursuant to the Commission’s Order Instituting Proceeding, issued February 19, 2003 (“Order”), and Administrative Law Judge Eleanor Stein’s Ruling Revising Schedule, issued March 6, 2003.

While NYPA is not subject to Commission jurisdiction in this matter, NYPA supports the Commission’s effort to develop and implement a renewable portfolio standard (“RPS”) for electric energy retailed in New York State. NYPA believes that, as discussed in the Order and in the NYSERDA Report (dated February 14, 2003) referred to in the Order, an RPS requiring that by 2013 25% of the electricity retailed in the State be produced from renewable resources could provide significant environmental benefits by reducing air emissions; improving energy security; diversifying the State’s electric generation mix; and providing increased economic development opportunities in New York.

NYPA’s specific comments on issues identified in the Commission’s Order follow.

- The types of resources that should be considered as “renewable” for the purposes of a renewable portfolio standard.

NYPA concurs with the NYSERDA Report finding (p.5) that New York’s hydroelectric resources should be counted toward meeting the 25% renewables goal. In this regard, hydroelectric resources are quintessentially “renewable” in nature. See, e.g., State Energy Plan, p. 3-40 (“Renewable energy is defined as energy from resources that are not depletable or are naturally replenished when used at sustainable levels”). In addition, wind, solar thermal, photovoltaics, sustainably managed biomass, tidal, geothermal, methane waste, and fuel cells should be considered renewable for purposes of the RPS.

- The appropriateness of including renewable resource energy procured from outside the State, such as hydropower from Canada or wind energy from New England.

Given the regional nature of the electricity market, NYPA believes that it may be appropriate for any generation source falling within the definition of “renewable” (as established by the Commission in this proceeding) to be included within the RPS program. This would include renewable resources from Canada and New England. Of course, any such out-of-state generation would have to fully comply with the RPS program’s administrative requirements. In addition, reciprocity issues will need to be addressed.

- The best methods for retail suppliers to procure renewable resources (e.g., construction and ownership versus purchases).

Consistent with the ongoing development of robust energy markets, NYPA believes that all options should be available to market participants to meet the RPS objectives in the most cost effective manner.

- Individual retail suppliers' targets, if appropriate.

The establishment of individual retail suppliers' targets as part of the Commission's RPS program may be necessary in order to facilitate achievement of the 25% renewable resources goal by 2013. Renewables currently in the State portfolio are not uniformly distributed among retail marketers of power. In the interest of both program administration and public understanding of the RPS, the target mechanism should be as simple and transparent as possible.

- The potential impact on reliability and system operations due to the addition of renewable resources, especially those resources that operate only intermittently (e.g., windmills and photovoltaics), and what, if anything, must be done to ensure that reliability is maintained.

NYPA believes that the potential impacts of an RPS on system operations and reliability should be analyzed in this proceeding. In this regard, it is important to the success of the RPS program that it be designed to be consistent with the State's objective of maintaining a highly reliable, secure, and diverse power system.

- The appropriate means to monitor progress toward meeting the [RPS] goal and to ensure results, including possible rewards and disincentives.

Monitoring compliance will be among the most important administrative tasks associated with implementing an RPS program. Reporting requirements concerning compliance should be as straightforward and administratively nonburdensome as possible. As to possible rewards and disincentives, NYPA believes that program compliance consequences should be symmetrical in nature.

- The appropriateness of a “renewable attributes trading” system, and the components of any such system that might be developed.

NYPA believes that a renewable attributes trading system could play a very important role in the successful implementation of an RPS in New York State. The components of the trading system and the system’s administration are critical issues that will need to be worked through in this proceeding.

- The practicality of installing new renewable facilities in the high load areas of the State. If the targeted renewables are built upstate, the impact, if any, such construction might have on the addition of new resources in the load centers where they are most needed, and the appropriate means to ensure that additional generation and transmission resources will be built where they are most needed.

While NYPA has installed a number of small-scale renewable projects in New York City (fuel cells and photovoltaics) and has others under development, it is reasonable to conclude that most of the new renewable energy facilities in the State will be constructed upstate. Certain technologies, such as wind, are not likely to be found compatible with the highly urbanized portions of the State that are high load areas. Thus, NYPA believes it would be useful to consider in this proceeding the impacts, if any, these new facilities could have on the need for additional transmission resources and on issues concerning the location of additional generation near the load centers.

- The impact, if any, the renewable portfolio standard would have on existing green marketing programs in the State, and what the State might do to support developers and green power marketers during the process of developing rules to implement the standard.

The Commission's establishment of an RPS should provide strong support for green marketing programs in New York State. This support would be further enhanced if the Commission adopts a renewable attributes trading system as part of the RPS.

Respectfully Submitted,

Timothy P. Sheehan

NEW YORK POWER AUTHORITY

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cc: Hon. Eleanor Stein (by e-mail)
Active Party List (by e-mail)